

MONCLER

Sector: Consumers

NEUTRAL

Price: Eu54.42 - Target: Eu62.50

Group Revenues to Reflect General Market Normalisation

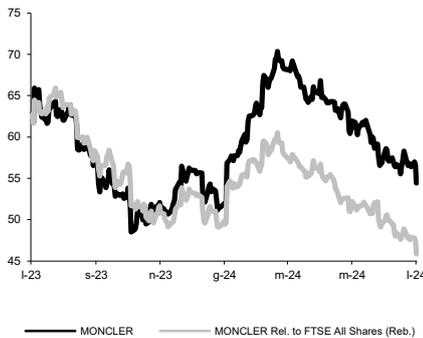
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Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 64.00 to 62.50		
	2024E	2025E	2026E
Chg in Adj EPS	0.2%	-1.1%	-1.5%

Next Event 3Q24 Revenues
 Results Out 29 October 2024

MONCLER - 12M Performance



Stock Data

Reuters code:	MONC.MI		
Bloomberg code:	MONC IM		
Performance	1M	3M	12M
Absolute	-6.6%	-18.5%	-12.8%
Relative	-8.3%	-19.3%	-31.4%
12M (H/L)	70.34/48.51		
3M Average Volume (th):	711.58		

Shareholder Data

No. of Ord shares (mn):	274
Total no. of shares (mn):	275
Mkt Cap Ord (Eu mn):	14,894
Total Mkt Cap (Eu mn):	14,894
Mkt Float - Ord (Eu mn):	12,133
Mkt Float (in %):	81.5%
Main Shareholder:	
Ruffini Partecipazioni Holding	15.8%

Balance Sheet Data

Book Value (Eu mn):	3,645
BVPS (Eu):	13.27
P/BV:	4.1
Net Financial Position (Eu mn):	624
Enterprise Value (Eu mn):	13,559

- 2024 revenues, 1% better, reflected a slow-down in Moncler DTC.** Regarding the Moncler brand, the retail channel grew 4.4% YoY (+8% cFX and +0.6% vs. our estimates) to Eu267.3mn in 2Q24, while wholesale revenues were down 7.0% YoY to Eu69.0mn, 3% better than expected. For Stone Island, revenues stood at Eu75.9mn, down 5.2% YoY, as a combination of solid 25.0% growth of DTC revenue coupled with a 28.1% drop in wholesale revenues. All in all, total group revenues amounted to Eu412.2mn, up 0.5% YoY and 1% better than expected.
- Gross margin up, lower marketing costs.** Gross profit on sales increased by 180bp YoY to 76.7%, 70bp better than expected, mainly thanks to the channel mix. On adjusted terms, 1H24 EBIT totalled Eu273.1mn, up 15% YoY and 2.7% better than expected. Below the EBIT line, financial charges were much lower than expected. As at 30 June 2024, the net financial position was positive at Eu845.8mn, Eu156mn better than expected, partly thanks to a calendar effect on advance tax payments, and partly to CapEx spending more skewed to 2H24.
- Supportive management indications:** 1) in terms of current trading, bearing in mind that July and August are seasonally the weakest months of the year, the overall performance has remained broadly in line with 2Q24, with slightly more volatile Chinese cluster demand, while, in France the Olympic Games are representing an element of uncertainty in the coming weeks. E-commerce is weak, impacted by promotional activities from competitors. 2) Moncler's wholesale revenues will fall more YoY in 2H24 than in 1H24 due to the decision to maintain a highly selective approach, especially on e-tailers. 3) At Stone Island, there is overall satisfaction with early results on efforts to elevate the brand and establish a DTC culture. 4) Gross profit will also improve in 2H24, but for the EBIT margin the ambition remains to reach 29.5%/30%, depending on sales performance.
- Change in estimates.** We are trimming our 2024 and 2025 revenue forecasts by 0.7% and 1.5% to account for lower e-commerce revenues for Moncler and a smoother Stone Island progression. In terms of EBIT, the revision is -1.2% on 2024 (partly offset by the Eu7.5mn positive one-off booked in 1H24) and -2.2% on 2025. Below this line we are improving net financial charges thanks to greater remuneration of the ample group liquidity. All in all, 2024 EPS remains unchanged, while 2025 EPS is trimmed by 1.1%.
- NEUTRAL confirmed; target from Eu64.0 to Eu62.5.** Quarterly revenues were consistent with our estimates and consensus, reflecting deteriorating market momentum that should have been priced in over recent weeks. The stock is trading at fairly attractive multiples compared to historical levels, but market trends are likely to remain uncertain providing poor visibility on crucial 4Q performance. We confirm our NEUTRAL stance on the stock, adjusting our target to reflect new estimates.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	2,603	2,984	3,158	3,471	3,800
EBITDA Adj (Eu mn)	1,076	1,226	1,286	1,408	1,543
Net Profit Adj (Eu mn)	544	640	684	752	824
EPS New Adj (Eu)	1.987	2.330	2.490	2.736	3.000
EPS Old Adj (Eu)	1.987	2.330	2.485	2.765	3.047
DPS (Eu)	1.120	1.150	1.218	1.329	1.458
EV/EBITDA Adj	11.4	12.4	10.5	9.4	8.3
EV/EBIT Adj	15.1	16.3	13.9	12.3	10.8
P/E Adj	27.4	23.4	21.9	19.9	18.1
Div. Yield	2.1%	2.1%	2.2%	2.4%	2.7%
Net Debt/EBITDA Adj	0.0	-0.2	-0.5	-0.7	-1.0

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales.
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium of 5.5% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&PMB40 Index, most of those on the MIDEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

Explanation of our ratings system:

BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and -10% compared to the market over a 12 month period;

UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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As at 30 June 2024 Intermonte's Research Department covered 116 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	23.97 %
OUTPERFORM:	49.59 %
NEUTRAL:	25.61 %
UNDERPERFORM	00.83 %
SELL:	00.00 %

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (49 in total) is as follows:

BUY:	38.78 %
OUTPERFORM:	51.02 %
NEUTRAL:	10.20 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short
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